

**MONTCALM TOWNSHIP
MONTCALM COUNTY, MICHIGAN
ANNUAL FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT
MARCH 31, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Montcalm Township	County Montcalm
Fiscal Year End March 31, 2006	Opinion Date August 16, 2006	Date Audit Report Submitted to State November 14, 2006	

We affirm that:

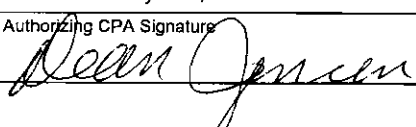
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☐ ☒ The audit opinion is UNQUALIFIED. ONLY QUALIFIED FOR LACK OF MANAGEMENT'S DISCUSSION & ANALYSIS
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Dean Jensen, CPA, PC		Telephone Number 616-754-8888		
Street Address 108 N. Lafayette, Suite D		City Greenville	State MI	Zip 48838
Authorizing CPA Signature 	Printed Name Dean Jensen		License Number 1599712	

CONTENTS

	<u>Page #</u>
INDEPENDENT AUDITOR'S REPORT	1
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Government Wide Statement of Net Assets	3
Government Wide Statement of Activities	4
FUND FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	7
Reconciliation of the Statement of , Expenditures, and Changes in Fund Balance of Governmental Funds	8
Statement of Revenues, Expenditures, and Changes in Fund Net Assets – Proprietary Funds	9
Statement of Net Assets	10
Notes to Financial Statements	11 - 17
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS	
GENERAL FUND	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	18
Statement of Expenditures	19 - 21
SPECIAL REVENUE FUNDS	
Combining Balance Sheet	22
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	23
FIRE EQUIPMENT FUND	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	24
CEMETERY FUND	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	25
LIQUOR LAW ENFORCEMENT FUND	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	26
COMPLIANCE AND INTERNAL CONTROL	
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	28

DEAN JENSEN
Certified Public Accountant, P.C.

108 N. Lafayette, Suite D
P.O. Box 605
Greenville, MI 48838

Telephone (616) 754-8888
Fax (616) 754-5281

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Montcalm Township
Montcalm County, Michigan

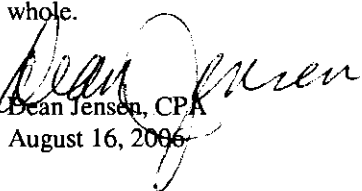
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montcalm Township, Montcalm County, Michigan, as of and for the year ended March 31, 2006 which collectively comprise Montcalm Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Montcalm Township, Montcalm County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the supporting financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montcalm Township, Montcalm County, Michigan, as of March 31, 2006, and the respective changes in fund balance for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

As described in Note 1, the Township of Montcalm has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2006. However, management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Montcalm Township, Montcalm County, Michigan basic financial statements. The combining and individual fund financial statements as listed in the accompanying table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Dean Jensen, CPA
August 16, 2006

GOVERNMENT WIDE FINANCIAL STATEMENTS

MONTCALM TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 443,432
Receivables - other governmental units	48,455
Due from tax collection fund	100,184
Capital assets (net)	<u>621,674</u>
Total Assets	<u>\$ 1,213,745</u>
 LIABILITIES	
Accounts payable	\$ 10,262
Escrow: Land development solutions	<u>10,000</u>
Total liabilities	<u>20,262</u>
 NET ASSETS	
Invested in capital assets, net of related debt	621,674
Unrestricted	<u>571,809</u>
Total net assets	<u><u>\$ 1,193,483</u></u>

See accompanying notes to financial statements

MONTCALM TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

		Net (Expense) Revenue and Changes in Net Assets	
		Program Revenues	Primary Government
	Expenses	Charges for Services	Business Type Activities
			Governmental Activities
PRIMARY GOVERNMENT			
	Governmental Activities		
	General government	\$ 25,411	(125,157)
	Public safety	-	(101,158)
	Public works	-	(126,720)
	Total governmental activities	25,411	(353,035)
	Business-type activities		
	Building inspection	18,713	1,182
TOTAL PRIMARY GOVERNMENT		\$ 44,124	\$ 1,182
	General Revenues		
	Property taxes	98,615	-
	State shared revenues	225,546	-
	Unrestricted investment earnings	13,249	634
	Other	26,649	-
	Total general revenues	364,059	634
	Change in net assets		
	Net assets - beginning of year	11,024	1,816
	Net assets - end of year	1,182,459	18,232
		1,193,483	20,048

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

MONTCALM TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2006

	MAJOR FUNDS					
	GENERAL FUND	FIRE EQUIPMENT FUND	CEMETERY FUND	LIQUOR ENFORCEMENT FUND	CEMETERY PERPETUAL CARE	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 309,114	\$ 26,434	\$ 38,887	\$ 465	\$ 68,532	\$ 443,432
Due from state	36,507	-	-	-	-	36,507
Taxes receivable	8,316	3,632	-	-	-	11,948
Due from general fund	-	3,672	-	-	-	3,672
Due from tax collection fund	69,311	30,873	-	-	-	100,184
Total Assets	423,248	84,611	38,887	465	68,532	595,743
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	10,262	-	-	-	-	10,262
Due to fire equipment fund	3,672	-	-	-	-	3,672
Escrow: Land development solutions	10,000	-	-	-	-	10,000
Total Liabilities	23,934	-	-	-	-	23,934
FUND BALANCES						
Reserved for Perpetual Care	-	-	-	-	68,532	68,532
Reserved for Fire Equipment	-	64,611	-	-	-	64,611
Reserved for Cemetery Operations	-	-	9,693	-	-	9,693
Reserved for Cemetery Land Purchases	-	-	29,194	-	-	29,194
Reserved for Liquor Law Enforcement	-	-	-	465	-	465
Unreserved	399,314	-	-	-	-	399,314
Total Fund Balances	399,314	64,611	38,887	465	68,532	571,809
TOTAL LIABILITIES AND FUND BALANCES	\$ 423,248	\$ 64,611	\$ 38,887	\$ 465	\$ 68,532	\$ 595,743

Amounts reported for governmental activities in the statement of net assets are different because:

*Total fund balance - governmental funds

*Capital assets used in governmental activities are not financial resources and are not reported in the funds

\$ 571,809

621,674

Net assets of Governmental Activities

\$1,193,483

See accompanying notes to financial statements

MONTICALLY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MARCH 31, 2006

	MAJOR FUNDS						TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FIRE EQUIPMENT FUND	CEMETERY FUND	LAW ENFORCEMENT FUND	CEMETERY PERPETUAL CARE		
REVENUES							
Property taxes	\$ 64,110	34,505	-	-	-	-	98,615
State grants	224,034	-	-	1,512	-	-	225,546
Interest	8,576	1,505	3,111	57	-	-	13,249
Rents	300	-	-	-	-	-	300
Fees and services	25,111	-	-	-	-	-	25,111
Licenses and permits	4,551	-	-	-	-	-	4,551
Lot sales	-	-	3,900	-	-	-	3,900
Reimbursements	-	-	8,826	-	-	-	8,826
Sale of Fire Truck	3,500	-	-	-	-	-	3,500
Donations	1,500	-	-	-	-	-	1,500
Other	4,362	-	10	-	-	-	4,372
Total Revenues	336,044	36,010	15,847	1,569	-	-	389,470
EXPENDITURES							
General government	134,633	-	-	-	-	-	134,633
Public safety	79,773	35,500	-	1,812	-	-	117,085
Public services	104,451	-	22,269	-	-	-	126,720
Other	-	-	-	-	-	-	-
Total Expenditures	318,857	35,500	22,269	1,812	-	-	378,438
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,187	510	(6,422)	(243)	-	-	11,032
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	14,424	-	1,150	-	15,574
Transfers (out)	(14,424)	-	(1,150)	-	-	-	(15,574)
TOTAL OTHER FINANCING SOURCES (USES)	(14,424)	-	13,274	-	1,150	-	-
FUND BALANCE-BEGINNING OF YEAR	396,551	64,101	32,035	708	87,382	-	560,777
FUND BALANCE-END OF YEAR	\$ 399,314	\$ 64,611	\$ 38,887	\$ 465	\$ 88,532	\$	\$ 571,809

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006**

Net change in Fund Balances - total governmental funds	\$11,032
--	----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Add: capital outlay	35,500
Deduct: depreciation expense	<u>(35,508)</u>

Change in net assets of governmental activities	<u><u>\$11,024</u></u>
---	------------------------

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
ASSETS
MARCH 31,2006**

	<u>Building Inspection Fund</u>
Operating Revenues	
Charges for services	\$ 18,413
Interest income	\$ 634
Other revenue	<u>300</u>
Total operating revenues	<u>19,347</u>
Operating Expenses	
Salaries and wages	8,169
Professional services	7,690
Supplies	27
Telephone	840
Mileage	706
Miscellaneous	<u>99</u>
Total operating expenses	<u>17,531</u>
Operating income (loss)	<u>1,816</u>
Change in net assets	1,816
Total net assets - Beginning	<u>18,232</u>
Total net assets - Ending	<u><u>\$ 20,048</u></u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 MARCH 31,2006**

	<u>Building Inspection Fund</u>
Assets	
Current assets	
Cash and cash equivalents	<u>\$ 20,048</u>
Total current assets	<u>20,048</u>
TOTAL ASSETS	<u><u>20,048</u></u>
Liabilities	
TOTAL LIABILITIES	-
Net Assets	
Unrestricted	<u>20,048</u>
TOTAL NET ASSETS	<u><u>20,048</u></u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township is located in Montcalm County, Michigan. The Township operates under an elected board of five (5) members and provides services to its residents in many areas including public safety (fire and police), highway and street maintenance, culture/recreation, public improvements, planning and zoning and general administrative services.

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The more significant of the government's accounting policies are described below.

A - THE REPORTING ENTITY

In accordance with generally accepted accounting principles and governmental accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based on the application of the criteria, the township does not contain any component units.

B - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are

NOTES TO THE FINANCIAL STATEMENTS (continued)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement and focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if they are collected within 60 days of the end of the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st.

Although the Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing operations.

The 2005 taxable valuation of the Township totals \$72,891,639 on which ad valorem taxes levied consisted of 0.90070 mills for the Township operating purposes and 0.47970 mills for fire equipment. These amounts are recognized in the respective fund financial statements as revenue.

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

D- BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds – The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Township has elected to report all governmental funds as major funds.

The Township reports the following governmental funds as major funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources in the general government, except those required to be accounted for in another fund.
- The **Fire Equipment Fund** accounts for the use of property taxes received under a specially voted millage for the activity related to the purchase of Fire Department equipment.
- The **Cemetery Fund** is used to account for funds received and expended for the

NOTES TO THE FINANCIAL STATEMENTS (continued)

operation of the Township Cemeteries.

- The **Liquor Law Enforcement Fund** is used to account for funds received and expended for liquor law enforcement within the Township.
- The **Cemetery Endowment Fund** is used for reporting resources legally restricted so that only the earnings they generate, and not the resources themselves, may be used to finance cemetery operations.
- The **Building Inspection Fund** is used to account for funds received and expended for building inspections within the Township.

E – ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments – The Township’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to / from other funds”. Activity between funds that is representative of lending / borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to / from other funds”. Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – The Township does not recognize as an asset inventories of supplies. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of such supplies are expensed when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Township as individual assets with an initial cost equal to or more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements

Capital assets of the Township are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Equipment and Furnishings	7 to 15 years
Fire Department Vehicles	25 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The government's final budget must be prepared and adopted prior to April 1st of each year.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control is the activity level. Certain supplemental budgetary appropriations were made during the year.

The government does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the Township Board adopts by resolution a budget for the ensuing year.
4. The Supervisor or his designee is authorized to transfer budgeted amounts within department appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at the fiscal year end
6. Adoption and amendments of all budgets used by the township are governed by Public Act 621.

Excess of expenditures over appropriations – Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2006, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>Amended Budget</u>	<u>Actual</u>	<u>Unfavorable Budget Variance</u>
General Fund			
Fire Department	54,900	58,106	(3,206)
Highway and Streets	103,085	104,451	(1,366)
Cemetery Fund			
Supplies	0	329	(329)
Cemetery maintenance	20,000	21,556	(1,556)
Publications	0	225	(225)
Utilities	0	79	(79)
Miscellaneous	0	80	(80)

NOTE 2 – CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorized the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. Investments can also be made in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the United States government, or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating agencies which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of the government of Michigan. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated six banks for the deposit of Township funds. The investment policy adopted by the Township in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States Government and bank accounts and CDs, but not the remainder of State Statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the carrying amount of the Township's cash deposits and investments was \$463,480 and the bank balance was \$466,123. Of the bank balance, \$405,239 was covered by federal depository insurance and \$60,884 was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Government Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

NOTES TO THE FINANCIAL STATEMENTS (continued)

At year-end, the Township's investment balances were all categorized as category 1.

NOTE 3 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Capital assets being depreciated				
Buildings	603,108	-	-	603,108
Office equipment	7,715	-	-	7,715
Fire department equipment	78,900	-	-	78,900
Fire department vehicles	296,632	35,500	23,000	309,132
Total capital assets being depreciated	<u>986,355</u>	<u>35,500</u>	<u>23,000</u>	<u>998,855</u>
Less accumulated depreciation for:				
Buildings	187,650	15,383	-	203,033
Office equipment	7,163	552	-	7,715
Fire department equipment	40,562	8,273	-	48,835
Fire department vehicles	143,298	11,300	23,000	131,598
Total accumulated depreciation	<u>378,673</u>	<u>35,508</u>	<u>23,000</u>	<u>391,181</u>
Net capital assets being depreciated	<u>607,682</u>	<u>(8)</u>	<u>-</u>	<u>607,674</u>
Governmental activities: Total				
Capital assets - net of depreciation	<u>\$ 621,682</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ 621,674</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$15,935
Public safety	<u>19,573</u>
Total Governmental Activities	<u>\$35,508</u>

The Township is considered a "Phase 3" Government, as defined by GASB 34. Accordingly, the Township has elected to not retroactively apply the reporting of major general infrastructure assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4 – RETIREMENT PLAN

The Township does not have a retirement plan for any of its employees.

NOTE 5 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as workman's compensation benefits provided to employees. The Township has purchased commercial insurance for claims relating to general liability, errors and omissions, physical damage (equipment, building, and contents) and workers compensation.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

NOTE 6 – DEFERRED COMPENSATION

The Township does not have a deferred compensation plan.

NOTE 7 – POST EMPLOYMENT

The Township does not furnish any post employment benefits to its employees.

NOTE 8 - ACCUMULATED VACATION AND SICK PAY

The Township employees do not earn vacation pay and they are not paid for sick days.

MONTCALM TOWNSHIP - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ 64,110	\$ 64,110
Administration Fee	-	-	16,426	16,426
State Grants	-	-	224,034	224,034
Licenses & Permits	-	-	4,551	4,551
Interest	-	-	8,576	8,576
Rents	-	-	300	300
Charges For Services	-	-	8,685	8,685
Sale of Fire Truck	-	-	3,500	3,500
Donations	-	-	1,500	1,500
Other Revenues	-	-	4,362	4,362
Total Revenues	<u>-</u>	<u>-</u>	<u>336,044</u>	<u>336,044</u>
Expenditures				
Township Board	15,000	11,915	5,827	6,088
Supervisor	22,500	22,500	20,243	2,257
Assessor	22,500	22,500	19,833	2,667
Elections	1,500	1,500	759	741
Clerk	18,000	18,300	18,298	2
Board of Review	3,000	3,000	2,060	940
Treasurer	28,000	29,420	29,419	1
Township Hall	22,000	28,000	26,527	1,473
Zoning, Construction, & Planning	15,000	15,000	11,667	3,333
Police Protection	23,000	23,000	21,667	1,333
Fire Department	50,000	54,900	58,106	(3,206)
Highways and Streets	100,000	103,085	104,451	(1,366)
Contingency/Other	16,000	3,380	-	3,380
Total Expenditures	<u>336,500</u>	<u>336,500</u>	<u>318,857</u>	<u>17,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(336,500)</u>	<u>(336,500)</u>	<u>17,187</u>	<u>353,687</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(14,424)</u>	<u>(14,424)</u>	<u>(14,424)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,424)</u>	<u>(14,424)</u>	<u>(14,424)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(350,924)</u>	<u>(350,924)</u>	<u>2,763</u>	<u>-</u>
FUND BALANCE - BEGINNING OF THE YEAR	<u>396,551</u>	<u>396,551</u>	<u>396,551</u>	<u>-</u>
FUND BALANCE - END OF THE YEAR	<u>\$ 45,627</u>	<u>\$ 45,627</u>	<u>\$ 399,314</u>	<u>-</u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES
YEAR ENDED MARCH 31, 2006**

TOWNSHIP BOARD

Salaries and Wages	\$ 3,303	
Supplies	-	
Professional Services	619	
Mileage	22	
Insurance	1,217	
Publishing	-	
Miscellaneous	666	
		5,827

SUPERVISOR

Salaries and Wages	14,271	
Supplies	3,368	
Professional Services	619	
Telephone	10	
Mileage	245	
Insurance	1,137	
Miscellaneous	593	
		20,243

ASSESSOR 19,833

ELECTIONS

Salaries and Wages	586	
Supplies	86	
Professional Services	-	
Mileage	15	
Miscellaneous	72	
		759

CLERK

Salaries and Wages	14,614	
Supplies	563	
Mileage	1,016	
Professional Services	619	
Insurance	1,137	
Miscellaneous	349	
		18,298

BOARD OF REVIEW

Salaries and Wages	850	
Supplies	76	
Publishing	14	
Insurance	1,120	
		2,060

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES
YEAR ENDED MARCH 31, 2006**

TREASURER

Salaries and Wages	18,331	
Supplies	2,086	
Tax Statements	5,908	
Mileage	890	
Professional Services	619	
Publishing	-	
Insurance	1,137	
Miscellaneous	<u>448</u>	29,419

TOWNSHIP HALL

Supplies	762	
Publishing	621	
Insurance	1,171	
Telephone	2,064	
Utilities	4,407	
Repair and Maintenance	13,693	
Professional Services	1,503	
Miscellaneous	1,404	
Capital Outlay	<u>902</u>	26,527

ZONING, CONSTRUCTION, AND PLANNING

Salaries and Wages	8,384	
Supplies	148	
Professional Services	-	
Telephone	36	
Publishing	818	
Insurance	1,178	
Miscellaneous	<u>1,103</u>	11,667

FIRE DEPARTMENT

Salaries and Wages	32,796	
Supplies	2,001	
Professional Services	1,033	
Telephone	340	
Insurance	3,958	
Utilities	3,142	
Repairs	7,650	
Mileage	128	
New Equipment	2,068	
Miscellaneous	<u>4,990</u>	58,106

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES
YEAR ENDED MARCH 31, 2006**

POLICE PROTECTION	21,667
HIGHWAYS AND STREETS	104,451
TOTAL EXPENDITURES	<u><u>\$ 318,857</u></u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31,2006**

	Fire Equipment <u>Fund</u>	Cemetery <u>Fund</u>	Liquor Law Enforcement <u>Fund</u>	<u>Totals</u>
ASSETS				
Cash	\$ 26,434	\$ 38,887	\$ 465	\$ 65,786
Taxes receivable	3,632	-	-	3,632
Due from general fund	3,672	-	-	3,672
Due from tax collection fund	30,873	-	-	30,873
Total Assets	<u>64,611</u>	<u>38,887</u>	<u>465</u>	<u>103,963</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Reserved for Fire Equipment	64,611	-	-	64,611
Reserved for Cemetery Operations	-	9,693	-	9,693
Reserved for Cemetery Land Purchases	-	29,194	-	29,194
Reserved for Liquor Law Enforcement	-	-	465	465
Total Fund Balances	<u>64,611</u>	<u>38,887</u>	<u>465</u>	<u>103,963</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 64,611</u>	<u>\$ 38,887</u>	<u>\$ 465</u>	<u>\$ 103,963</u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
March 31, 2006**

	Fire Equipment <u>Fund</u>	Cemetery <u>Fund</u>	Liquor Law Enforcement <u>Fund</u>	<u>Totals</u>
REVENUES				
Property Taxes	\$ 34,505	\$ -	\$ -	\$ 34,505
State Grants	-	-	1,512	1,512
Interest	1,505	3,111	57	4,673
Lot Sales	-	3,900	-	3,900
Reimbursements	-	8,826	-	8,826
Other	-	10	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	36,010	15,847	1,569	53,426
EXPENDITURES				
Salaries and Wages	-	-	1,550	1,550
Supplies	-	329	71	400
Cemetery Maintenance	-	21,556	-	21,556
Publication	-	225	-	225
Mileage	-	-	190	190
Utilities	-	79	-	79
Repairs	-	-	-	-
Miscellaneous	-	80	-	80
Capital Outlay	35,500	-	-	35,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	35,500	22,269	1,811	59,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	510	(6,422)	(242)	(6,154)
OTHER FINANCING SOURCES				
Transfers in	-	14,424	-	14,424
Transfers out	-	(1,150)	-	(1,150)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	13,274	-	13,274
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	510	6,852	(242)	7,120
FUND BALANCE - BEGINNING OF YEAR	64,101	32,035	708	96,844
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	<u>\$ 64,611</u>	<u>\$ 38,887</u>	<u>\$ 466</u>	<u>\$ 103,964</u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
FIRE EQUIPMENT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ 34,505	\$ 34,505
Interest	-	-	1,505	1,505
Total Revenues	-	-	36,010	36,010
EXPENDITURES				
Equipment	35,500	35,500	35,500	-
Total Expenditures	35,500	35,500	35,500	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(35,500)</u>	<u>(35,500)</u>	<u>510</u>	<u>36,010</u>
FUND BALANCE-BEGINNING OF YEAR	<u>64,101</u>	<u>64,101</u>	<u>64,101</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u><u>\$ 28,601</u></u>	<u><u>\$ 28,601</u></u>	<u><u>\$ 64,611</u></u>	<u><u>-</u></u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
CEMETERY FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Lot sales	\$ -	\$ -	\$ 3,900	\$ 3,900
Interest	-	-	3,111	3,111
Reimbursements	-	-	8,826	8,826
Other	-	-	10	10
Total Revenues	<u>-</u>	<u>-</u>	<u>15,847</u>	<u>15,847</u>
EXPENDITURES				
Salaries and wages	-	-	-	-
Supplies	-	-	329	(329)
Cemetery maintenance	20,000	20,000	21,556	(1,556)
Publications	-	-	225	(225)
Utilities	-	-	79	(79)
Miscellaneous	-	-	80	(80)
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>22,269</u>	<u>(2,269)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,000)</u>	<u>(20,000)</u>	<u>(6,422)</u>	<u>13,578</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,424	14,424	14,424	-
Transfers out	-	-	(1,150)	(1,150)
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,424</u>	<u>14,424</u>	<u>13,274</u>	<u>(1,150)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(5,576)</u>	<u>(5,576)</u>	<u>6,852</u>	<u>12,428</u>
FUND BALANCE-BEGINNING OF YEAR	<u>32,035</u>	<u>32,035</u>	<u>32,035</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u>\$ 26,459</u>	<u>\$ 26,459</u>	<u>\$ 38,887</u>	<u>-</u>

See accompanying notes to financial statements

**MONTCALM TOWNSHIP
LIQUOR LAW ENFORCEMENT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State grants	\$ 1,565	\$ 1,565	\$ 1,512	\$ (53)
Interest	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>
Total Revenues	<u>1,565</u>	<u>1,565</u>	<u>1,569</u>	<u>4</u>
EXPENDITURES				
Salaries and wages	1,600	1,600	1,550	50
Supplies	200	200	71	129
Mileage	<u>200</u>	<u>200</u>	<u>190</u>	<u>10</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,811</u>	<u>189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(435)</u>	<u>(435)</u>	<u>(242)</u>	<u>193</u>
FUND BALANCE-BEGINNING OF YEAR	<u>708</u>	<u>708</u>	<u>708</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$ 466</u>	<u>-</u>

See accompanying notes to financial statements

COMPLIANCE AND INTERNAL CONTROL

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

August 16, 2006

Members of the Township Board
Montcalm Township
Montcalm County, Michigan

We have audited the general-purpose financial statements of Montcalm Township as of and for the year ended March 31, 2006, and have issued our report thereon dated August 15, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

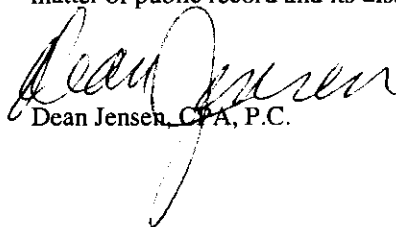
Compliance

As part of obtaining reasonable assurance about whether Montcalm Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Montcalm Township in a separate letter dated August 16, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montcalm Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

This report is intended for the information of Township Board and management. However, this report is a matter of public record and its distribution is not limited.


Dean Jensen, CPA, P.C.

DEAN JENSEN

Certified Public Accountant, P.C.

108 N. Lafayette St., Suite D
P.O. Box 605
Greenville, MI 48838

Telephone (616) 754-8888
Fax (616) 754-5281

August 16, 2006

To the Members of the Township Board
of Montcalm Township

In planning and performing our audit of the general purpose financial statements of Montcalm Township, for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 16, 2006, on the financial statements of Montcalm Township.

Comments and Recommendations

Sale of Fire Truck

A fire truck was sold during the year with the proceeds recorded in the General Fund. We recommend that the township transfer the \$3500 proceeds to the Fire Equipment Fund.

2004 Fire Fund Delinquent Taxes

The 2004 Montcalm County tax settlement with the township included \$3672 of Fire Fund delinquent taxes. These taxes were deposited into the Contingent Fund. These funds should be transferred to the Fire Equipment Fund.

Property Tax Bank Account

It appears that the property tax bank account has excess funds. We recommend that the township prepare a spreadsheet showing all property tax account disbursements and reconcile this to the closing statements with the County Treasurer.

Budgets and Amendments

During the audit for the year ended March 31, 2006, we noted that actual expenditures exceeded budgeted amounts in several areas as listed on page 15 of the annual financial statements. Although the excess expenditures were not significant, we recommend the township monitor expenditures against the adopted budget on a periodic basis, preferably monthly. Appropriate budget amendments should be made as needed.

The Michigan Public Act 621 of 1978, as amended, provides that the township adopt a formal budget for the General Fund and Special Revenue funds, and shall not incur expenditures in excess of amounts appropriated.

We also recommend that the township adopt the budget format as required by Public Act 621.

General Ledger

The computerized general ledger has been a big improvement over the manual general ledger. However during the year ended, we noted that some transactions were not recorded in the general ledger and that end of period balances did not always agree with the next period beginning balance. i.e. the general ledger balance at July 31 (end of period) would not equal the August 1 (beginning of the next period) general ledger balance.

Township officials were able to promptly provide the necessary documentation to account for the errors in the general ledger. The year end accounting report of the township was correct as prepared.

We recommend that the township adopt procedures where these errors would be corrected each month and that all transactions are recorded in the general ledger.

Bank Accounts

We noted that the township opened several new bank accounts during the year at Chemical Bank. We did not find where the Township Board approved these new bank accounts prior to the transfer of funds. We recommend that Board approval be obtained prior to the opening of new bank accounts for the township.

The new bank accounts did pay a higher interest rate so the transfer of funds to Chemical Bank was a positive one for the township

This report is intended solely for the information and use of the members of the Township Board and related regulatory agencies.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Jensen". The signature is fluid and cursive, with the first name "Dean" and last name "Jensen" clearly distinguishable.

Dean Jensen CPA, PC